



**GENERAL ASSEMBLY
AND SUPPORTING FUNCTIONS**

SENATE

FOUR YEARS ENDED JUNE 30, 2003

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-44
June 3, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2004

The following report is our review of the General Assembly and Supporting Functions - Senate.

In early 2003, eligible Senate employees were offered a retirement incentive which provided that if an employee agreed to retire on or before June 30, 2003, the Senate would pay the difference between what that individual would pay in health insurance premiums as an active employee and what a retired employee would pay for the same insurance. This benefit would continue until the individual turned sixty-five. Four Senate employees decided to accept this offer and retire. The Senate Administrator developed the plan as a cost-savings measure and initially projected a net cost savings of \$62,000 and \$86,000 in the years ended June 30, 2004 and 2005, respectively.

Although the Senate will realize some cost savings as a result of this plan, it does not appear the Senate had legal authority to offer this plan to its employees. The employees of the Senate participate in the same retirement and health care plans that cover the majority of other state employees. The authority for providing retirement and health care benefits and related incentives for state employee is codified in the statutes. Since the Senate is bound by these statutes, this retirement incentive plan was not properly authorized by law.

In the 2003 legislative session, legislation was passed and signed into law that offered a retirement incentive to all eligible state employees retiring between February 1, 2003, and September 1, 2003. This approved retirement incentive limits the health insurance subsidy to only five years, or until the employee becomes Medicare-eligible. Therefore, the Senate will not be required to pay any health insurance subsidies from its appropriations for the four employees during the first five years of their retirement. However, the Senate will be obligated to continue paying health insurance subsidies for these employees after the initial five years until the employees turn sixty-five years of age. This will result in the Senate paying additional subsidies for these four employees for periods ranging from one to ten years. We estimate the Senate will pay over \$76,000 in additional health insurance subsidies for these employees from its appropriations in years subsequent to the initial five-year period.

Offering a retirement incentive to its employees that was not made available to other state workers raises questions of inequity. In addition, this action has committed Senate officials to pay these subsidies from future Senate appropriations.

The Senate has two groups of employees, Senate support staff and senators' personal staff. The Senate does not have written job descriptions to document the responsibilities and

(over)

YELLOW SHEET

qualifications for many Senate support staff employment positions. Neither the Senate support staff nor the senators' personal staff prepare time sheets reporting hours worked and leave taken. Additionally, the Senate has no personnel policy for senators' personal staff and has no centralized record of leave earned and taken by these employees.

During the audit period, the Senate did not maintain leave records for the Senate Administrator or the Secretary of the Senate. It was noted that when the former Senate Administrator resigned in February 2002, he requested he be paid for 336 hours of accumulated annual leave (the maximum allowable) and that over 3,700 hours of accumulated sick leave be reported on his behalf to the retirement system to be used in calculating his service credits. Because of the lack of leave records kept by the Senate, the auditors were unable to determine whether these accumulated leave balances were accurate and whether the related payment and amount of sick leave reported to the retirement system were appropriate.

Leave records for some support staff are not submitted to the Senate human resources officer in a timely manner. In addition, 22 Senate employees had leave balances exceeding the maximum allowed by a total of 2,036 hours. As a result, the Senate was not in compliance with its policy regarding accumulated annual leave limits. Similar conditions were noted in our prior report.

Also as noted in previous audits, during the four years ended June 30, 2003, the Senate sold fixed assets to senators, their staff, or other parties for approximately \$30,000. The original acquisition cost of the items sold totaled at least \$85,000, though this amount is understated because cost information was not readily available for some items sold. The audit reported that a three-year old Senate vehicle acquired for \$26,000 was sold to a senator for \$13,000. The Senate could provide no documentation of how the sales price was determined. In another instance, one outgoing senator was allowed to purchase three computers even though this number exceeded the amount allowed by existing policy.

Although changes have been made to reduce and limit the extent of such property sales, the auditors again recommended all used or surplus property be disposed of through State Surplus Property. It was further recommended that if any used property items are sold through the Senate Administrator's office, the sales should be properly documented and comply with existing policy.

The audit also includes some matters related to the Senate's lack of a written procurement policy and fixed asset records and procedures, which the Senate should consider and take appropriate corrective action.

Senate officials agreed to implement several of the auditor's recommendations.

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GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE

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SENATE

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Members of the Senate
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments of the Senate Revolving Fund, and Statement of Appropriations and Expenditures of the various funds of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000. These financial statements are the responsibility of the Senate's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the Senate Revolving Fund and the appropriations and expenditures of the various funds of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 31, 2003, on our consideration of the Senate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the Senate's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

October 31, 2003 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	John Lieser, CPA
Audit Staff:	Turan Hirji, CPA
	Malcolm Nyatanga



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Members of the Senate
Jefferson City, MO 65102

We have audited the financial statements of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated October 31, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Senate are free of material misstatement, we performed tests of the Senate's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance which is described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Senate, we considered the Senate's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Senate and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

October 31, 2003 (fieldwork completion date)

Financial Statements

Exhibit A

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE

SENATE REVOLVING FUND

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH
AND INVESTMENTS

		Year Ended June 30,			
		2003	2002	2001	2000
RECEIPTS					
Sales	\$	16,641	16,469	26,362	9,206
Refunds and reimbursements		2,213	7,252	4,213	438
Miscellaneous		2,737	1,393	7,879	2,472
Total Receipts		<u>21,591</u>	<u>25,114</u>	<u>38,454</u>	<u>12,116</u>
DISBURSEMENTS					
Transfers to General Revenue Fund -					
State (Note 3)		245	51,731	154	30,176
Expense and equipment		82	0	0	0
Total Disbursements		<u>327</u>	<u>51,731</u>	<u>154</u>	<u>30,176</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS		<u>21,264</u>	<u>(26,617)</u>	<u>38,300</u>	<u>(18,060)</u>
CASH AND INVESTMENTS, JULY 1		<u>29,877</u>	<u>56,494</u>	<u>18,194</u>	<u>36,254</u>
CASH AND INVESTMENTS, JUNE 30	\$	<u><u>51,141</u></u>	<u><u>29,877</u></u>	<u><u>56,494</u></u>	<u><u>18,194</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriation Authority	Expenditures	Lapsed Balances *	Appropriation Authority	Expenditures	Lapsed Balances *
GENERAL REVENUE FUND - STATE						
Senate contingent expenses	\$ 9,172,920	8,308,452	864,468	10,010,954	8,418,901	1,592,053
Salaries of members	1,071,448	1,038,394	33,054	1,071,448	1,044,867	26,581
Members' mileage	56,435	56,435	0	56,435	53,866	2,569
Members' per diems	226,100	193,785	32,315	226,100	183,640	42,460
General Assembly:						
Joint contingent expenses						
Personal service	22,404	22,403	1	63,558	59,784	3,774
Expense and equipment	77,596	30,134	47,462	374,132	265,027	109,105
Legislators' dues for professional organizations and other general expenses	284,403	283,579	824	284,403	283,579	824
Joint Committee on Gaming and Wagering	51,820	51,806	14	51,820	42,635	9,185
Joint Committee on Administrative Rules	119,707	81,986	37,721	119,707	88,308	31,399
Joint Committee on Public Employee Retirement	155,000	132,198	22,802	213,987	151,360	62,627
Joint Committee on Capital Improvements and Lease Oversight	118,964	116,929	2,035	118,964	110,341	8,623
Total General Revenue Fund - State	11,356,797	10,316,101	1,040,696	12,591,508	10,702,308	1,889,200
SENATE REVOLVING FUND						
Contingent expenses	40,000	82	39,918	40,000	0	40,000
Total All Funds	\$ 11,396,797	10,316,183	1,080,614	12,631,508	10,702,308	1,929,200

* The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2003	2002
Senate contingent expenses	\$ 775,188	1,201,972
Salaries of members	32,143	12,861
Members' mileage	0	2,158
Members' per diems	6,783	40,698
General Assembly:		
Joint contingent expense and equipment	2,328	67,344
Legislators' dues for professional organizations and other general expenses	824	824
Joint Committee on Gaming	0	7,328
Joint Committee on Administrative Rules	3,591	21,547
Joint Committee on Public Employee Retirement	4,650	38,518
Joint Committee on Capital Improvements and Lease Oversight	0	6,414
Total	\$ 825,507	1,399,664

Exhibit B

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30					
	2001			2000		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Senate contingent expenses	\$ 10,036,433	8,705,520	1,330,913	9,782,460	8,423,469	1,358,991
Salaries of members	1,067,878	1,046,231	21,647	1,043,738	1,036,528	7,210
Members' mileage	56,435	50,033	6,402	56,435	48,190	8,245
Members' per diems	226,100	169,932	56,168	226,100	165,906	60,194
General Assembly:						
Joint contingent expenses						
Personal service	63,138	61,073	2,065	60,312	0	60,312
Expense and equipment	459,532	133,219	326,313	374,132	104,866	269,266
Southern legislative conference	248,530	14,460	234,070	355,909	107,379	248,530 **
Legislators' dues for professional organizations and other general expenses	281,238	277,740	3,498	272,704	267,502	5,202
Joint Committee on Gaming and Wagering	51,610	44,618	6,992	50,000	3,408	46,592
Joint Committee on Administrative Rules	119,287	91,621	27,666	115,948	83,936	32,012
Joint Committee on Public Employee Retirement	213,147	140,804	72,343	206,601	113,169	93,432
Joint Committee on Capital Improvements and Lease Oversight	118,544	112,558	5,986	115,003	108,167	6,836
Total General Revenue Fund - State	12,941,872	10,847,809	2,094,063	12,659,342	10,462,520	2,196,822
SENATE REVOLVING FUND						
Contingent expenses	40,000	0	40,000	40,000	0	40,000
Total All Funds	\$ 12,981,872	10,847,809	2,134,063	12,699,342	10,462,520	2,236,822

** Biennial appropriations set up in fiscal year 2000 are re-appropriations to fiscal year 2001. After the fiscal year-end processing has been completed, the unexpended fiscal year 2000 appropriation balance for a biennial appropriation is established in fiscal year 2001. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2000.

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Senate.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Senate Revolving Fund. Appropriations from this fund are expended by or for the Senate for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the Senate's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Senate and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and

measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

General capital assets, which are recorded as expenditures when acquired, are capitalized at cost. The Senate's recorded balance of general capital assets at June 30, 2003, totaled \$2,402,743.

C. Fiscal Authority and Responsibility

The Senate administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

Senate Revolving Fund: This fund was established by Section 21.235, RSMo 2000, to receive funds paid or transferred to the Senate for printing, duplicating, postage, computer services, surplus property sales, refunds from vendors, personal reimbursements, or any other goods or services for which a fee is charged. Expenditures are authorized by appropriation and by the Senate Administration Committee. The unexpended balance exceeding \$5,000 at the end of the biennium is transferred to the General Revenue Fund-State.

General Revenue Fund-State: The Senate receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the Senate, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash

The balance of the Senate Revolving Fund is pooled with other state funds and invested by the state treasurer.

3. Transfers to General Revenue Fund-State

In accordance with Section 21.235, RSMo 2000, the unexpended balance of the Senate Revolving Fund not exceeding \$5,000 is exempt from the provisions of Section 33.080, RSMo 2000. That statute states the state treasurer will make a biennial transfer of unexpended funds to the state's General Revenue Fund. The amounts presented for the years ended June 30, 2002 and 2000, represent the excess balance over \$5,000. The amounts presented for the years ended June 30, 2003 and 2001, represent adjustments made to correct previous transfers.

4. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures of the Senate Revolving Fund on Exhibit B as follows:

		Year Ended June 30,			
		2003	2002	2001	2000
DISBURSEMENTS PER EXHIBIT A	\$	327	51,731	154	30,176
Transfers		245	51,731	154	30,176
EXPENDITURES PER EXHIBIT B	\$	82	0	0	0

Supplementary Data

Schedule

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS

SENATE

COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

		Year Ended June 30,				
		2003	2002	2001	2000	1999
Salaries and wages	\$	8,505,850	8,461,311	8,474,164	8,052,004	7,683,434
Travel, in-state		353,193	353,918	301,082	321,406	305,489
Travel, out-of-state		28,034	57,308	72,331	59,539	62,458
Fuel and utilities		2,018	1,920	1,971	1,734	1,786
Supplies		495,407	591,686	619,147	724,422	706,726
Professional development		307,576	317,760	302,510	298,675	281,562
Communication service and supplies		198,533	223,995	193,213	246,111	185,381
Services:						
Business and professional		60,916	97,546	145,373	99,248	129,519
Housekeeping and janitorial		1,118	3,927	3,946	3,302	0
Maintenance and repair		87,206	199,506	163,704	173,387	164,629
Computer equipment		81,140	139,309	324,411	262,795	442,832
Motor vehicle purchases		0	0	23,749	0	26,500
Office equipment		29,044	56,485	38,285	61,114	219,641
Other equipment		34,596	84,382	60,082	31,540	60,411
Property and improvements		31,965	4,689	21,806	25,953	28,626
Building lease payments		65,577	64,148	67,306	70,639	65,614
Equipment rental and leases		7,450	11,222	14,040	10,804	10,408
Miscellaneous expenses		26,560	33,196	20,689	19,847	20,727
Total	\$	<u>10,316,183</u>	<u>10,702,308</u>	<u>10,847,809</u>	<u>10,462,520</u>	<u>10,395,743</u>

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Senate as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated October 31, 2003.

The following Management Advisory Report presents our findings arising from our audit of the Senate's financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

1. Retirement Incentive

In early 2003, the Senate Administrator offered a retirement incentive to Senate employees who were eligible to retire. This incentive provided that if an employee agreed to retire on or before June 30, 2003, the Senate would pay the difference between what that individual would pay in health insurance premiums as an active employee and what a retired employee would pay for health insurance premiums. The offer provided that this benefit would continue until the individual turned sixty-five, the age a person becomes eligible for Medicare coverage. It was anticipated the cost of this retirement incentive would be paid from the Senate's discretionary appropriations. The incentive offer also provided the employee would have the opportunity to work for the Senate in the 2004 legislative session up to a maximum of 999 hours during that year. Four Senate employees subsequently accepted the offer in March and April 2003 and retired at various dates shortly thereafter. A formal signed agreement was entered into with each of these employees when they agreed to accept the offer.

According to the Senate Administrator, he developed the plan as a cost savings measure and it was approved by the Senate Administration Committee in December 2002. The Senate Administrator indicated he had initially projected a net cost savings (salary costs less the cost of the incentive) of \$62,000 and \$86,000 in the years ended June 30, 2004 and 2005, respectively. During our initial discussions with the Senate Administrator, he indicated he developed the plan believing the Senate Administration Committee had broad authority in administering the financial affairs of the Senate and he indicated he consulted with Senate legal staff prior to the plan being offered to the employees.

Although it appears the Senate will realize some cost savings as a result of this plan, it does not appear the Senate had legal authority to offer this plan to its employees. The employees of the Senate participate in the Missouri State Employees' Retirement System and the Missouri Consolidated Health Care Plan, the same employee benefit plans that cover the majority of other state employees. The authority for providing retirement benefits and related

incentives as well as health insurance benefits for state employees is codified in the statutes. Since the Senate is bound by these statutes, it appears this retirement incentive plan was not properly authorized by law.

After we questioned this matter, Senate legal staff prepared a memorandum which indicated there are no statutory provisions specifically prohibiting the Senate from offering this plan. They also asserted the Administration Committee had the authority to offer the plan to its employees because it has been charged with the responsibility of controlling all financial obligations and business affairs of the Senate. However, Senate legal staff provided no express statutory authority to support the action that was taken.

In the 2003 legislative session, the General Assembly passed, and the Governor subsequently signed into law, legislation (Senate Bill 248) that offered a retirement incentive to all eligible state employees retiring between February 1, 2003, and September 1, 2003. This incentive was similar to the plan offered to the Senate employees, except the retirement incentive under this new legislation limits the health insurance subsidy to only five years or until the employee becomes Medicare-eligible, whichever occurs first.

The four Senate employees who accepted the Senate's retirement incentive were also eligible for the retirement incentive offered to state employees under the new legislation. Therefore, the Senate will not be required to pay any health insurance subsidies from its appropriations for these four employees during the first five years of their retirement. However, because the Senate's plan was not limited to five years, the Senate will be obligated to continue paying health insurance subsidies for these employees after the initial five years until the employees turn sixty-five years of age. This will result in the Senate paying additional subsidies (beyond the initial five-year period) for these four employees for periods ranging from one to ten years. We estimate the Senate will pay over \$76,000 in additional health insurance subsidies for these employees from its appropriations in years subsequent to the initial five-year period (based on current subsidy levels).

Besides the lack of statutory authority in implementing this plan, offering a retirement incentive to its employees that was not made available to other state workers raises questions of inequity. In addition, this action has effectively committed Senate officials to pay these subsidies from future Senate appropriations. The Senate should refrain from taking similar actions in the future without express statutory authority. The Senate may want to consider requesting an opinion from the Attorney General regarding the Senate Administration Committee's authority in offering retirement incentives or other similar matters.

WE RECOMMEND the Senate refrain from offering retirement incentives to its employees beyond those offered all state employees as provided in the statutes.

AUDITEE'S RESPONSE

In light of the state's economic situation, numerous alternatives have been considered in an ongoing effort to lower costs. The retirement incentive was seen as an innovative opportunity to permanently reduce payroll while enabling us to utilize the experience of long-time employees during session---the time they are most needed.

2.

Personnel Matters

The Senate has two groups of employees. Senate support staff work for the Senate overall. Research analysts, print shop employees, accounting staff, and maintenance employees are examples of Senate support staff. Senators' personal staff work exclusively for a senator. Attorneys and secretaries are examples of senators' personal staff. We noted the following concerns in our review of the Senate's personnel policies and related records:

- A. The Senate does not have written job descriptions to document the responsibilities and qualifications for many Senate support staff employment positions. In addition, we noted written performance appraisals are not prepared periodically to evaluate the performance of many support staff employees.

Job descriptions are necessary to ensure individuals are aware of their duties and responsibilities and are qualified for the position for which they are hired. In addition, job descriptions can be used as objective criteria in the evaluation of potential employees. Written performance appraisals can lead to improvement in employee performance, and may be used to evaluate employees for salary increases, promotions, and other personnel actions.

- B. Neither the Senate support staff nor the senators' personal staff prepare time sheets reporting hours worked and leave taken. Only hourly support staff employees prepare time sheets documenting actual hours worked. Proper control over payroll requires documentation, such as time sheets, signed by the employees and approved by their supervisors, to provide evidence of the time worked and leave taken each pay period.
- C. The Senate has no personnel policy for senators' personal staff and has no centralized record of leave earned and taken by these employees. Each senator is responsible for maintaining leave records for their employees. Upon termination or at other times throughout the year, each senator decides what amount, if any, of annual leave or overtime to pay their personal staff. During our review, we noted several extra payments to senators' personal staff for accumulated leave or overtime. The only documentation provided to the Senate authorizing the extra compensation was a letter from the senator.

A written personnel policy for personal staff employees is necessary to provide assurance employees are treated equitably and to prevent misunderstandings. In addition, without centralized records, the Senate cannot ensure that employees' annual leave, sick leave, and compensatory time balances are accurate. Centralized leave records also aid in determining final compensation for employees leaving Senate employment.

D. Senate support staff are required to maintain records of leave and compensatory time earned, accumulated, and used. These records are submitted to the human resources officer who posts them to the employee's accumulated leave records. During our review of these records, we noted the following concerns:

- 1) During the audit period, the Senate did not maintain leave records for the Senate Administrator or the Secretary of the Senate. After we inquired about these records, the Secretary of the Senate provided her personal leave records to the human resource officer and formal leave records have now been established for this official. Without leave records for all employees, the Senate cannot adequately monitor leave taken and determine the accuracy of accumulated leave balances.

In December 2001, the former Senate Administrator submitted his resignation effective February 1, 2002. In his resignation letter, he requested he be paid for 336 hours of accumulated annual leave (the maximum allowable). The former Senate Administrator was subsequently paid \$14,694 related to this request. In addition, he indicated he was authorizing Senate staff to report 3,721 hours of accumulated sick leave on his behalf to the retirement system.

This provided the former Senate Administrator an additional 22 months in service credits, resulting in higher retirement benefits.

Because the Senate maintained no leave records for this employee, we were unable to determine whether these accumulated leave balances were accurate and whether the related payment and amount of sick leave reported to the retirement system were appropriate.

- 2) Leave records for some support staff are not submitted to the Senate human resources officer in a timely manner (i.e. monthly). We initially noted that about 40 employees had not submitted leave records for 2002 to the human resources officer. Subsequently, leave records for most of these employees were filed with the human resources officer.
- 3) The Senate has established a leave policy whereby employees are not allowed to accumulate annual leave in excess of the maximum amount that can be earned in two years, and does not allow for carryover from month to month of more than that amount. However, at June 30, 2003, a number of support staff employees had accumulated annual leave that exceeded the maximum

allowed by that policy. At that date, we noted 22 employees with leave exceeding the limit by a total of 2,036 hours. For one employee, the annual leave balance exceeded the limit by 479 hours.

As a result, the Senate is not in compliance with its policy regarding the accumulated annual leave limits. Allowing the accumulated leave limits to be exceeded could result in additional costs to the state.

During fieldwork, Senate officials told us its employees had been notified to reduce their annual leave balances to the maximum allowed by policy by December 31, 2003. They were advised any excess leave would be lost effective that date.

Complete and accurate accumulated leave records, updated timely, allow for leave balances to be adequately monitored to ensure employees are not accumulating leave in excess of the maximum balance allowed. In addition, such leave records provide support for the amount of accumulated leave to be paid to an employee upon termination.

The state's SAM II System has time and leave tracking capabilities. The Senate should consider using these subsystems to help address the applicable conditions reported above.

Similar conditions were also noted in our prior report.

WE AGAIN RECOMMEND the Senate:

- A. Prepare written job descriptions that establish the responsibilities and qualifications for all support staff positions. In addition, written performance appraisals should be prepared for each support staff employee on a periodic basis.
- B. Require all employees prepare and submit time sheets of actual hours worked and leave taken.
- C. Establish a written personnel policy for senators' personal staff. In addition, the payroll records for all Senate employees should be centralized, with personal staff required to submit leave records. The Senate should consider using the SAM II system's leave tracking capabilities to help address the applicable part(s) of this recommendation.
- D. Ensure all employees submit leave records on a timely basis and maintain complete and accurate accumulated leave records. In addition, leave balances should be monitored to ensure the established leave policies are being followed. The Senate should consider using the SAM II system's leave tracking capabilities to help address the applicable part(s) of this recommendation.

AUDITEE'S RESPONSE

- A. *We recognize the importance of identifying the qualifications and skills necessary to fulfill the responsibilities of a particular job. This information is necessary to ensure the employees have a clear understanding of what is expected of them while allowing the development of appropriate performance measures to aid in employee evaluations.*

As discussed with your audit staff, the Senate has been making significant changes relative to these issues. During the most recent interim, updated information with regard to the duties and responsibilities of individual employees was compiled from support staff for the purpose of identifying the qualifications and skills needed in the performance of their respective jobs. The results will be utilized in the development of formal job descriptions and appropriate performance appraisal criteria. It is our intent to continue this work during the upcoming interim with the anticipated completion of the project by no later than the end of calendar year 2004.

- B&D. *The timing and length of legislative sessions do not allow most employees to use annual leave or compensatory time earned during that period. In response to this ongoing problem, all support staff employees were notified that they could exceed the maximum allowable accumulated leave limits throughout the year with any excess to be liquidated as of December 31 of each calendar year. Effective December 31, 2003, any individual leave balances in excess of the maximum allowable accumulated leave limits were written off.*

During the time your staff was completing field-work, a few of our departments were testing an employee time management program. The time management program requires the input of hours worked for each employee. The same program is also being utilized for tracking leave. After a limited test period, the new program went live January 1, 2004, and is currently being used by all Senate support staff.

- C. *Traditionally, senators do their own staffing. During new senators orientation, the accrual rates allowed Senate support staff are provided as information to each senator's office. Senators establish the working hours, duties, salary and leave for their personal staff. Therefore, we have not felt it expedient to maintain records for this group of employees.*

The only "extra" payments currently allowed to senators' personal staff are for accrued vacation paid upon termination or transfer. All such payments are documented with a letter from the senator authorizing the payment and attesting to its validity with the understanding that supporting documentation is available upon request.

3.**Lack of Procurement Policy**

The Senate manages its own purchasing functions. Section 34.010, RSMo 2000, exempts legislative departments from the procurement and bidding requirements which apply to most state agencies. While it appears the purchases reviewed were generally handled in an appropriate manner, the Senate has not established a written procurement policy.

Formal bidding procedures for major purchases provide a framework for economical management of state resources and help ensure fair value is received by contracting with bidders offering the best service and quality for the lowest cost. A written bid policy would clarify the Senate's intentions and provide employees with a policy to follow.

This condition was also noted in our prior report.

WE AGAIN RECOMMEND the Senate develop a written procurement policy detailing bid requirements.

AUDITEE'S RESPONSE

Although exempt from state purchasing and procurement laws, we take our procurement responsibility seriously. Though we are satisfied that our purchasing and procurement procedures are more than adequate with regard to the economical use of state resources, we concur to formalize our purchasing procedures with a written procurement policy by July 1, 2004.

4.**Fixed Asset Records and Procedures**

According to the fixed asset records, the Senate owned approximately \$2.4 million in furniture and equipment items at June 30, 2003. Our review of the records and controls over these fixed asset items disclosed the following concerns:

- A. The disposition of fixed asset items has not been recorded in the records on a timely basis. In addition, items that could not be located during the annual physical inventories have not been written off in a timely manner.

During the year ended June 30, 2002, the Senate deleted over 900 property items, with acquisition costs totaling about \$865,000, from its fixed asset records. In following up on this matter, Senate officials indicated many of these items had been surplus, traded-in, or disposed of in some other manner and not properly deleted from the fixed asset records. In addition, it appears many of these items had been missing for an extended period of time, but they were not deleted from the records on a timely basis. We noted that nearly all of the property items deleted from the records had not been located since at least fiscal year 1999, and about 50 of these items had not been located for 10 years or more.

To ensure the fixed asset records are up-to-date and fixed assets are properly accounted for, the disposition of fixed assets should be promptly recorded. In addition, any fixed assets not located during physical inventories should be deleted from the records after a reasonable period of time.

- B. Fixed asset duties are not adequately segregated. The property control clerk who maintains the fixed asset records also performs the physical inventories. To ensure fixed assets records are accurate and to safeguard assets from theft or misuse, physical inventories should be performed by someone independent of the custodial and recordkeeping functions.
- C. Additions to the fixed asset records are not periodically reconciled to the appropriate expenditure object codes. Reconciliations of fixed asset additions and expenditures are necessary to ensure property items purchased are properly recorded and controlled.
- D. Documentation was not maintained reconciling year-end fixed asset balances, accounting for all additions and dispositions in the interim. We attempted to do this for the four years of the audit period; however, we noted a difference of \$58,000. Senate officials could not explain this difference; however, they believed problems with the conversion to a new fixed asset recordkeeping system contributed to this difference.

Year-end fixed asset balances should be periodically reconciled, accounting for all additions and dispositions, to ensure fixed asset records are accurate and fixed assets transactions have been accounted for properly.

The state's SAM II System has fixed asset accounting capabilities. The Senate should consider using this subsystem to help address the applicable conditions reported above.

WE RECOMMEND the Senate:

- A. Record the disposition of fixed asset items promptly in the fixed asset records. In addition, any fixed assets not located during physical inventories should be should be deleted from the records after a reasonable period of time.
- B. Require an individual independent of the fixed assets custodial or recordkeeping function perform the physical inventory.
- C. Reconcile additions to the fixed asset records to the appropriate expenditure object codes on a periodic basis. The Senate should consider using the SAM II system's fixed asset accounting capabilities to help address this recommendation.

- D. Maintain documentation reconciling year-end fixed asset balances, accounting for additions and dispositions in the interim. The Senate should consider using the SAM II system's fixed asset accounting capabilities to help address this recommendation.

AUDITEE'S RESPONSE

- A. *Recently the House and Senate jointly purchased a property control system utilizing bar code tracking of fixed assets. During the transition to the new tracking system, new property tags and identification numbers were assigned to all fixed assets. Admittedly, a number of items had remained on the old property control records even after they had not been located in at least one inventory. We agree to formalize a policy detailing how and when dispositions should be recorded when items are not located in the annual physical inventory.*
- B. *During the annual physical inventory, the property control clerk typically participates in the actual inventory while directing the activities of a few other employees. We recognize the lack of segregation of the property control clerk's duties is not ideal and are looking at ways to improve any perceived or potential lack of control.*
- C&D. *During the transfer of information from the former system to the new system, some of the old data was irretrievably lost and could not be recreated. Until this conversion took place, we have typically not had a problem reconciling our year-end fixed asset balance with the acquisitions and dispositions made throughout the year. Effective immediately we concur to maintain documentation reconciling year-end fixed asset balances with the acquisitions and dispositions made throughout the year.*

5. Sale of Surplus Property

While the Senate disposes of much of its surplus property through State Surplus Property, it also allows the sale of used property items (primarily office furniture and equipment) through the Senate Administrator's office. During the four years ended June 30, 2003, the Senate sold fixed assets to senators, their staff, or other parties for approximately \$30,000. The original acquisition cost of the items sold totaled at least \$85,000, though this amount is understated because cost information was not readily available for some items sold. Previous audits have questioned this practice, citing the lack of a policy in valuing items for sale and recommending the Senate dispose of all surplus property through State Surplus Property.

Since the last audit, the Senate Administration Committee has adopted policies regarding the sale of used furniture and equipment items, including a provision that no sitting senator be allowed to purchase used property items. In August 2002, the Administration Committee revised the policies by defining the surplus property which may be sold to outgoing senators, the approval required, and some guidelines on how the sales price is to be determined. Although these actions represent improvements and have resulted in a reduction in the number of items sold by the Senate, we noted the following concerns during our review:

- A. In February 2001, the previous Senate Administrator authorized the sale of a three-year old Senate automobile with an acquisition cost of \$26,000 to a senator for \$13,000. The vehicle had been assigned to that senator during his tenure as a Senate officer, and it was sold to him when he stepped down from that position. The Senate could provide no documentation of how the sales price was determined and there was no mention of the sale in the Administration Committee meeting minutes.
- B. Some sales of used property to senators subsequent to August 2002 did not comply with the revised policies of the Administration Committee. For example, we noted one outgoing senator purchased three computers when the sale of only one computer (desktop or laptop) is allowed by policy, unless authorized by the Administration Committee. The sale of only one of the two additional computers sold to this outgoing senator was authorized in the Administration Committee meeting minutes.
- C. The Senate Administrator does not maintain written documentation authorizing the sale of used property items or supporting his determination of the sales price. Current Senate policies require the Senate Administrator to determine the sales price based on salvage value or, for computers the greater of ten percent of the purchase price or current depreciated book value plus ten percent.

Written documentation should be maintained authorizing sales of used property items. Also, considering the Senate Administrator is allowed some discretion in pricing decisions, documentation should be maintained supporting how sales prices are determined.

We continue to believe the Senate should consider disposing of all used or surplus property items through State Surplus Property. However, if the Senate is going to continue to allow used property items to be sold through the Senate Administrator's office, written documentation should be maintained authorizing the sales and supporting how the sales prices are determined. In addition, any sales should comply with existing Senate policies and approval should be properly documented in the Administration Committee minutes, if applicable.

WE AGAIN RECOMMEND the Senate consider disposing of all used or surplus property items through State Surplus Property. If any used property items are sold through the Senate Administrator's office, the sales should be properly documented and comply with existing Senate policies. This should include documentation authorizing any sale and supporting how the sale price is determined. Also, any necessary Administration Committee approval should be documented in the committee's minutes.

AUDITEE'S RESPONSE

- A. *The automobile sales price was determined based on telephone inquiries made of several sources including: State Surplus Property where we asked for an approximation of what similar vehicles had been bringing at state auctions; a couple of retail automobile dealers where we asked for the average trade-in value of the vehicle; and, a local financial institution which provided further documentation as to the accuracy of the range of values being used.*
- B. *In the computer sales cited, per policy the first sale was approved by the Administrator. An exception to allow the sale of a second computer to the same senator was subsequently approved by the Administration Committee. The third transaction appears to have been a misunderstanding. A month or two after the initial computer sales had been approved, the senator asked the Administrator about buying the laptop computer from his office. The Administrator thought he was referring to the one approved by the Administration Committee and told him it had already been approved. In actuality, the senator was referring to a second laptop which had been used by his office, thus the third sale.*
- C. *The Senate presently utilizes State Surplus Property for a number of dispositions and will continue to do so. On any future dispositions of property through the Senate Administrator's office, we agree to supplement our present documentation with internal memoranda explicitly authorizing the sale and specifying how the sales price was determined.*

This report is intended for the information and use of the management of the Senate and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Senate on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended June 30, 1999.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the Senate should consider implementing those recommendations.

1. Personnel Policies

- A. There were no written job descriptions for many support staff positions and written performance appraisals were not prepared periodically for many support staff employees.
- B. The Senate's personnel policy did not address how the use of leave should be requested, approved, and documented, and support staff were not required to prepare time sheets documenting hours worked and/or leave taken.
- C. There was no personnel policy for senators' personal staff and no centralized record of leave earned and taken by personal staff.

Recommendation:

The Senate:

- A. Prepare written job descriptions that establish the responsibilities and qualifications for all support staff positions. In addition, written performance appraisals should be prepared for each support staff employee on a periodic basis.
- B. Revise the personnel policy for support staff to provide guidance as to how the use of leave should be requested, approved, and documented (i.e. leave slips). In addition, support staff should be required to prepare monthly time sheets documenting hours worked and/or leave taken.
- C. Establish a written personnel policy for senators' personal staff. In addition, the payroll records for all Senate employees should be centralized, with personal staff required to submit time sheets or leave slips.

Status:

A-C. Not implemented. See MAR No. 2.

2. Payroll Records and Procedures

- A. Payroll duties were not adequately segregated.
- B. Personnel files did not contain all employee authorizations of withholdings and deductions or signed payroll transaction records.
- C.1. Leave records were not maintained for the several management employees, including the Senate Administrator.
 - 2. Leave records for many support staff were not submitted timely to the payroll clerk.
 - 3. A number of support staff employees had accumulated leave balances exceeding the maximum allowed.
 - 4. Several employees were allowed to accrue negative balances for annual leave, sick leave, and/or compensatory leave.

Recommendation:

The Senate:

- A. Adequately segregate duties related to the payroll function. At a minimum, an adequate independent review of the duties performed by the payroll clerk should be performed on a periodic basis.
- B. Maintain complete personnel files, including employee authorization of withholdings and deductions and a record of all authorized payroll transaction records.
- C. Ensure all employees submit leave records on a timely basis and maintain complete and accurate accumulated leave records. In addition, leave balances should be monitored to ensure the established leave policies are being followed.

Status:

- A. Partially implemented. The payroll functions are still not adequately segregated and the Senate human resources officer continues to handle most of the payroll duties. However, some independent reviews of her duties are periodically performed and staff in the Accounting Department perform monthly reconciliations of payroll reports. Although not repeated in the current MAR, the Senate should continue to review how it can better segregate duties related to the payroll function.
- B. Partially implemented. We noted a few instances where W-4 forms could not be located; however, it appears improvement has been made in maintaining more complete personnel files. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Not implemented. We again noted and reported some similar problems in the current audit. See MAR No. 2. We also noted one instance during the audit period where an employee was allowed to accrue a significant negative sick leave balance;

however, the employee's negative leave balance had been substantially reduced by June 30, 2003. Although not repeated in the current MAR, the Senate should not allow employees to accrue negative leave balances.

3. Expenditures

- A. A written procurement policy had not been established.
- B. No controls had been established to ensure postage stamps purchased and distributed to senators were used properly, and no record of any unused stamps turned in by senators was maintained.
- C. The Senate print shop printed calendars for distribution by senators. The cost of materials to produce the calendars during fiscal years 1997 to 1999 was estimated at about \$21,750.

Recommendation:

The Senate:

- A. Develop a written procurement policy detailing bid requirements.
- B. Use the postage machine whenever possible and the use of postage stamps should be kept to a minimum. In addition, the Senate should maintain a log documenting the number of stamps returned by senators when they leave office.
- C. Discontinue the printing of calendars at state expense.

Status:

- A. Not implemented. See MAR No. 3.
- B. Partially implemented. The Senate continues to purchase and distribute postage stamps to senators; however, stamp purchases have decreased significantly in recent years. In fiscal year 2002, the Senate discontinued passing resolutions authorizing the purchase and delivery of stamps to senators. While the Senate still provides rolls of stamps to senators upon request, the cost of the stamps is charged against the senators' allowances. These changes have resulted in expenditures for stamps dropping from a total of \$81,500 during fiscal years 2000 and 2001 to a total of \$8,000 during fiscal years 2002 and 2003.

While the controls over postage stamps is no longer a significant issue, the Senate still does not account for the return of any unused stamps when a senator leaves office. Although not repeated in the current MAR, the Senate should require senators to return any unused stamps when leaving office and maintain a record documenting these returns.

- C. Not implemented. The Senate print shop still prints calendars for distribution by senators; however, fewer calendars have been printed in recent years due to policy changes, resulting in reduced costs. The Senate has established a policy limiting the

number of calendars each senator may request and now assesses a \$1 charge per calendar ordered (the estimated production cost) against the senators' allowances. These changes have resulted in a reduction in the number of calendars printed from about 21,000 in fiscal year 2000 to 12,500 in fiscal year 2003. Although not repeated in the current MAR, we continue to believe the benefits associated with producing these calendars may not justify the cost and the Senate should consider discontinuing the printing of these items.

4. Sale of Surplus Property

The Senate allowed the sale of surplus property to senators, senators' staff, and outside parties. The Senate had not established a policy on how to value those items for sale.

Recommendation:

The Senate consider turning all used assets being disposed of over to State Surplus Property.

Status:

Not implemented. The Senate continues to sell used or surplus property items; however, some improvements have been made. See MAR No. 5.

STATISTICAL SECTION

History, Organization, and
Statistical Information

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
HISTORY, ORGANIZATION AND STATISTICAL INFORMATION

Legislative power in Missouri is vested by Article III, Section 1 of the 1945 Constitution in the General Assembly, more commonly known as the legislature, composed of the Senate and the House of Representatives.

The Senate consists of thirty-four members who are elected for four-year terms. Senators from odd-numbered districts are elected in Presidential election years. Senators from even-numbered districts are chosen in the "off-year" elections. Each senator must be at least thirty years of age, a qualified voter of the state for three years, and of the district he represents for one year. The lieutenant governor is president and presiding officer of the Senate. In his absence, the president pro tem, who is elected by the Senate members, presides. The Senate convenes annually on the first Wednesday following the first Monday in January and adjourns on May 30 with no consideration of bills after 6:00 p.m. on the first Friday after the second Monday in May.

Senate leadership positions are classified as either leadership or committee chairman. Senators in leadership positions include the president pro tem and the majority and minority floor leaders. Senators occupying the positions of assistant minority floor leader, vice-chairman of the Appropriations Committee, and ranking minority member of the Appropriations Committee receive the same allowance as a committee chairman position. In addition to their normal clerical hires, the president pro tem, majority floor leader, minority floor leader, senior member of each party, and chairman of the Appropriations Committee are allowed to hire an administrative assistant. The president pro tem is authorized to hire a secretary for his administrative assistant.

Senators received salaries as follows:

<u>Positions</u>	<u>Year Ended June 30,</u>			
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
President pro tem	\$ 33,851	33,851	33,746	33,036
Floor leaders	32,851	32,851	32,746	32,036
All remaining senators	31,351	31,351	31,246	30,536

Senators were authorized per diems and mileage reimbursement as follows:

<u>Effective Dates</u>	<u>Per Diem</u>	<u>Mileage Rate</u>
July 1, 1999-December 31, 1999	\$68.80	
January 1, 2000-September 30, 2001	68.00	
October 1, 2001-September 30, 2002	72.00	
October 1, 2002-June 30, 2003	75.20	
July1, 1999-June 30, 2000		\$0.280
July1, 2000-June 30, 2001		0.295
July1, 2001-June 30, 2002		0.315
July1, 2002-June 30, 2003		0.335

Each senator is paid a per diem each day the senator is in attendance at the legislative session. In addition, senators are reimbursed for each mile traveled when commuting to and from Jefferson City for each week the legislature is in session.

Senators receive various annual allowances to be utilized in the performance of their official duties. These allowances are established by the Administration Committee and are subject to the limitations imposed by the appropriation authorizing these expenditures. Maximum allowances have been set by category of expense with the provision that total expenditures for each senator do not exceed the maximum total allowance. In addition, with approval of the Administration Committee, senators may spend over the maximum allowance by category or in total and carry unused allowances not exceeding 20 percent of the total allowance to subsequent years. The annual allowances for the year ended December 31, 2003, were as follows:

<u>Allowance</u>	<u>Leadership Positions</u>	<u>Committee Chairman Positions</u>	<u>All Remaining Senators</u>
Maximum allowance by category:			
Personal service	\$ 110,575	99,886	91,915
District office	7,200	7,200	7,200
Postage	27,500	27,500	27,500
Travel	4,800	4,800	4,800
Office expense	2,000	2,000	2,000
Maximum Total Allowance	\$ 152,075	141,386	133,415

The personal service allowance is used to pay the salaries of the senators' capitol and district staff. Expenses to maintain a district office, such as rent, telephone charges, and answering services are charged against the district office allowance. The postage allowance is primarily used to pay the cost of mailing newsletters. In addition, various senators received by Senate resolution postage stamps totaling \$52,528 and \$28,976 during the fiscal years ended June 30 2001 and 2000, respectively. Beginning in December 2001, the Senate stopped distributing stamps to senators by resolution and any postage stamp usage by senators was charged to the senators' postage allowances. Travel expenses incurred in connection with the duties of a state senator are reimbursable from the travel allowance and each senator is allowed to make office purchases of \$2,000 per year without being cleared through the Administration Committee. Each senator has a credit card for telephone calls regarding Senate business when not at their capitol office.

The Senate determines its own rules and procedures and rules may not be dispensed without at least one day's notice and only by a vote of at least a majority of the Senate. However, a rule may be suspended for a special purpose by a vote of two-thirds majority of the members. This suspension shall remain only until the Senate proceeds to the consideration of business other than that for which the rule was suspended. The Senate is required to keep a daily journal (or record) of its proceedings. At the end of the session, the journals are bound by the Office of the Secretary of State.

The Senate receives appropriations for various commissions and committees as follows:

- A. The Joint Committee on Administrative Rules (JCAR) was created by Section 536.037, RSMo Cumulative Supp.1999. This committee is composed of five members each from the House of Representatives and Senate. The members are appointed by the president pro tem of the Senate and speaker of the House of Representatives for the respective bodies. The function of the JCAR is to review all rules promulgated by state agencies, except rules promulgated by the Public Service Commission and the Labor and Industrial Labor Relations Commissions.
- B. The Joint Committee on Public Employee Retirement (JCPER) was created by Section 21.553, RSMo 1994. The committee is composed of six members each from the House of Representatives and the Senate. The members are appointed by the president pro tem of the Senate and speaker of the House of Representatives for the respective bodies. The function of the JCPER is to make a continuing study and analysis of all state and local government retirement systems, devise a standard reporting system for public employee retirement systems, determine the need for changes in statutory law, and make recommendations necessary to provide adequate retirement benefits to state and local government employees.
- C. The Joint Committee on Capital Improvements and Lease Oversight (JCCILO) was created by Concurrent Resolution No. 8 of the 84th General Assembly. The committee is composed of five members each from the House of Representatives and Senate. The members are appointed by the president pro tem of the Senate and speaker of the House of Representatives for the respective bodies. The function of the JCCILO is to review the design intent, scope, bids, contracts, and other pertinent information on capital improvement projects that may affect current capital spending and the development of future capital and/or operating appropriations.
- D. The Joint Committee on Gaming and Wagering (JCGW) was created by Section 313.001, RSMo 2000. The committee is composed of five members each from the House of Representatives and the Senate. The members are appointed by the president pro tem of the Senate and the speaker of the House of Representatives for the respective bodies. The function of the JCGW is to review all state authorized gaming and wagering activities including proposed constitutional and statutory changes or other pertinent information that may affect the integrity of these activities.

Five members of the Senate are appointed by the president pro tem to serve on the Administration Committee. This committee has sole control of all financial obligations and business affairs of the Senate. The committee employs an administrator. The administrator has general supervisory capacity over employees who prepare the Senate budget, maintain the accounting records, acquire equipment and supplies, control inventory, maintain the physical plant, prepare the payroll, coordinate renovation projects, pay bills, and provide objective, nonpartisan research to all members of the Senate.

The Senate has 34 senators and approximately 195 full-time employees.

An organization chart follows.

GENERAL ASSEMBLY AND SUPPORTING FUNCTIONS
SENATE
ORGANIZATION CHART
JUNE 30, 2003

